



# WEST YORKSHIRE POLICE

## Statement of Accounts 2015/16



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<b>CHIEF CONSTABLE FOR WEST YORKSHIRE POLICE</b>
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STATEMENT OF ACCOUNTS 2015/16

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**CERTIFICATION**  
**BY THE**  
**CHIEF FINANCE OFFICER AND THE**  
**CHIEF CONSTABLE FOR WEST YORKSHIRE POLICE**

The Accounts and Audit Regulations 2015, produced and enforceable under the Local Audit and Accountability Act 2014, require the Statement of Accounts to be signed by the officer responsible for the financial administration of the Accounts for West Yorkshire Police, and by the person presiding at the meeting where the accounts are formally approved.

I certify that the Statement of Accounts set out on pages 16 to 49 represents a true and fair view of the financial position of the Chief Constable for West Yorkshire Police as at 31 March 2016, and its income and expenditure for the year ended 31 March 2016.

**Nigel Brook**  
**Chief Finance Officer for the Chief Constable**  
**West Yorkshire Police**

**Dee Collins**  
**Temporary Chief Constable**  
**West Yorkshire Police**

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## **Independent auditor's report to the Chief Constable of West Yorkshire**

We have audited the financial statements of the Chief Constable of West Yorkshire for the year ended 31 March 2016 on pages 16 to 49. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the Chief Constable in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Chief Financial Officer and auditor**

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and for being satisfied that the financial statements give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Chief Constable's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Narrative Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31 March 2016 and of the Chief Constable's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

### **Matters on which we are required to report by exception**

The Code of Audit Practice requires us to report to you if:

- the Annual Governance Statement set out on pages 50 to 55 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the Narrative Statement for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or
- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014. We have nothing to report in respect of these matters.

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## **Conclusion on the Chief Constable of West Yorkshire's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Chief Constable's responsibilities**

The Chief Constable is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in her use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### **Auditor's responsibilities**

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in her use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in her use of resources are operating effectively.

### **Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2015, as to whether the Chief Constable of West Yorkshire had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable of West Yorkshire put in place proper arrangements for securing economy, efficiency and effectiveness in her use of resources for the year ended 31 March 2016.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Chief Constable of West Yorkshire had put in place proper arrangements to secure economy, efficiency and effectiveness in her use of resources.

### **Conclusion**

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, we are satisfied that, in all significant respects, the Chief Constable of West Yorkshire put in place proper arrangements to secure economy, efficiency and effectiveness in her use of resources for the year ended 31 March 2016.

### **Certificate**

We certify that we have completed the audit of the financial statements of the Chief Constable of West Yorkshire in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

**John Graham Prentice FCCA MBA**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
1 Sovereign Street  
Sovereign Street  
Leeds  
LS1 4DA

## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

The Chief Constable (CC) for West Yorkshire Police is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers (Chief Finance Officer) has the responsibility for the administration of those affairs;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

The Chief Finance Officer is responsible for preparation of the Statement of Accounts for the CC for West Yorkshire Police in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy/Local Authority (Scotland) Accounts Advisory Committee Code of Practice on Local Authority Accounting in the UK ('the Code of Practice').

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice;
- approved proper accounting procedures and records which were maintained and kept up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

## NARRATIVE REPORT AND FINANCIAL REVIEW

### PREFACE

#### Introduction to the 2015/16 Statement of Accounts by Dee Collins, Temporary Chief Constable of West Yorkshire Police



Within West Yorkshire we serve a diverse population of 2.5 million people and we face many policing and community safety challenges. We must continue to protect vulnerable children and adults, to attack serious and organised criminality and to work with partners to prevent crime and anti-social behaviour. The bedrock of our service will continue to be Neighbourhood Policing. Our aim is to deliver the best policing services we can with the money and resources we have.

As policing continues to change we are faced with the emergence of new complex crimes, and the growth, both through increased reporting and awareness, of others, particularly around vulnerable individuals. A great deal of work has been done over the last year to ensure that we are able to continually improve our service to the public. Over the next five years, we will move to our 'Target Operating Model' which sets out how policing services and capabilities will be delivered at either a local, Force, Regional or National level. Part of that challenge is to now recruit a workforce that is representative of the communities we serve.

### THE NARRATIVE REPORT

#### Message from the Assistant Chief Officer, Finance and Business Services – Nigel Brook.



This is the first time that we have produced a Narrative Report which pulls together in a single document information on the budget preparation process, final accounts, performance information, medium term financial plans and other contextual information such as Workforce numbers and strategic risk.

The Policing landscape is extremely challenging with the emergence of new complex crimes and the increasing awareness of vulnerability. Set in the context of the current threat levels and against a backdrop of five years of financial austerity. Within this difficult environment, financial and resource management is more critical than ever. We as a Force continue to challenge the efficiency and effectiveness of all aspects of Force business, not least through the Zero Based Budget review that was recently completed. Through this review we can redirect early planned savings and efficiencies into high priority areas of business.

The Statement of Accounts has been prepared in accordance with the requirements of the Code of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee). These statements are produced with the aim of providing information to help the reader:

- Understand the overarching financial position of the PCC (and West Yorkshire Police)
- Have confidence that the CC has spent public money wisely and has been accounted for in an appropriate manner
- Be assured that the financial position of the CC (and Group) is sound and secure

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years. The structure of this Narrative Report is set out below.

1. Explanation of the CC and Group
2. Introduction to West Yorkshire
3. Financial performance
4. Non-financial performance



5. People
6. Corporate risks and uncertainties
7. Summary and conclusion

## **1. EXPLANATION OF THE PCC AND GROUP**

The Police & Crime Commissioner (PCC) and the Chief Constable are established as separate legal entities.

The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in the West Yorkshire Police area.

The PCC is elected by the public every four years to secure the maintenance of an efficient and effective police force and to hold the chief constable to account for the exercise of their functions and those of persons under their direction and control.

This set of accounts explains how the resources provided by the PCC have been used to deliver operational policing services.

The Net Revenue Budget for 2015/16 was £408.177m, of which £398.990m is directly controlled by the Chief Constable.

## **2. AN INTRODUCTION TO WEST YORKSHIRE**

West Yorkshire Police is the fourth largest police force in England and Wales by number of officer. It covers a population of 2.5 million people from diverse social, economic, cultural and religious.

The Force is divided into 5 District Policing Areas aligned to the 5 District Councils throughout West Yorkshire. The Districts are responsible for local policing services across the Force that address local priorities. Specialist departments deliver the full range of other force-wide policing functions.

Some of our services are delivered in collaboration with other forces. West Yorkshire lead the North East Counter Terrorism Unit (NECTU), the Yorkshire and the Humber Regional Organised Crime Unit, the Yorkshire and the Humber Scientific Support Services and the National Police Air Service. We also receive services on a collaborative basis for Procurement, Marine and Underwater Search, Clothing stores and Equipment stores.

The workload in West Yorkshire and policing in general is changing. There has been a significant increase in the more complex and resource intensive crimes such as rape, child sexual abuse, domestic violence and cyber-crime.

A good indication of Police workload is the number of external calls we receive in to our control rooms and enquiry department. During 2015/16 we received 1,427,501 calls of which 368,546 were 999 calls. This resulted in 629,205 incidents recorded on our Command and Control system, of which 393,359 were attended by officers and staff.

## **3. FINANCIAL PERFORMANCE**

### **a. Economic Climate**

Since 2010 West Yorkshire has faced significant financial challenges due to reductions in funding from central government along with increasing cost pressures and continual changes in the demand for policing. This period of austerity is continuing and is expected to last until at least 2020.

In the 2015 Comprehensive Spending Review the importance to the country of the police service was recognised and most welcome for the service as a whole. Despite the rhetoric that policing has been protected financially, a serious concern remains about the longer term pressures given the very significant reduction in the size of the Force, and the increasing

demand and complexity of policing activity Given this change of direction from a funding perspective work has now begun on rebuilding capability across the Force, not to the pre-austerity numbers, but to replace some of the numbers we have lost since 2010. The focus is now to build and expand our capabilities to counter new and complex threats.

## b. Financial Management

West Yorkshire has robust and sound financial management practices. Comprehensive financial reports are submitted to the Chief Officer Team on a monthly basis, Medium Term Financial Forecasts are refreshed regularly and decisions are taken based on current and future financial information.

West Yorkshire received a “good” rating from HMIC in their 2015/16 Police Effectiveness Efficiency & Legitimacy (PEEL) inspection.

## c. Revenue

### Budget 2015/16

This was the fifth consecutive year of cuts to police funding. Home Office police grant was reduced by 5.1%. Funding for legacy council tax freeze grants was maintained at the same cash level as in previous years.

In contrast, the amount top-sliced by the Home Office to fund national initiatives and projects increased by £86.0m. The West Yorkshire element of this is approximately £ 3.4m.

In preparing the annual revenue budget full provision was included for pay and other inflationary increases and significant savings were identified through the Force’s Programme of Change in order to balance the budget.

The 2015/16 net budget requirement of £408.18m required cash savings of £39.96m. The budget resulted in a reduction of 232 police officer posts and 274 police staff.

### Revenue Outturn 2015/16

The following table provides a high level comparison between the approved budget and actual expenditure for the CC and Group. Net Cost of Police Services is under the direction and control of the CC.

	Revised Estimate	Actual	Variation
	£'000	£'000	£'000
<b>GROUP NET SERVICE EXPENDITURE</b>			
Net Cost of Police Services	389,189	387,982	1,207
OPCC Direction and Control	202	182	20
OPCC Corporate and Democratic Core	1,652	1,500	152
OPCC Partnership Initiatives	6,390	6,390	0
	397,433	396,054	1,379
Interest Payable	3,925	3,934	(9)
Other Operating Costs	(10)	(10)	0
<b>GROUP NET EXPENDITURE</b>	<b>401,348</b>	<b>399,978</b>	<b>1,370</b>
<b>Less: Use of Reserves</b>			
Force Transformation	(6,698)	(4,620)	(2,078)
Devolution Reserve	(4,100)	0	(4,100)
VIPER Reserve	0	(414)	414
PFI Reserve	(259)	0	(259)
Dilapidation Reserve	(600)	0	(600)
Community Safety Fund	(1,632)	(1,137)	(495)
Partnership Executive Group	(500)	(192)	(308)
<b>Add: Contribution to Reserves</b>			
VIPER Reserve	0	818	(818)
PFI Reserve	1,510	2,414	(904)
Dilapidation Reserve	70	0	70
Capital Financing Reserve	5,183	0	5,183
Contribution / (Use of Balances)	11,008	8,483	2,525
<b>TOTAL GROUP NET EXPENDITURE</b>	<b>405,330</b>	<b>405,330</b>	<b>0</b>

<b>FINANCING</b>			
Police Grant	172,511	172,511	0
RSG	16,693	16,693	0
NNDR	130,053	130,053	0
Precept	86,073	86,073	0
<b>TOTAL GROUP FINANCING</b>	<b>405,330</b>	<b>405,330</b>	<b>0</b>

### Outlook – Medium Term Financial Forecast

The medium term financial forecast (MTFF) reflects the detail of the government announcements in November's Autumn Statement. While the budget balances in short term there is still a very significant challenge ahead to deliver the savings required and to improve performance in the face of further reductions in real terms to the overall budget. The MTFF balances for 2016/17 but is in deficit for all the years up to 2019/20. Although this may seem to be a risky approach, we are confident through our continued programme of change we will be able to close these budget gaps over the period of the MTFF. The MTFF reflects an increase in Police Officer recruitment and a commitment to maintain PCSO's at their current levels.

A high level summary of the MTFF is provided below.

	2016/2017 Estimate at Outturn £000	2017/2018 Estimate at Outturn £000	2018/2019 Estimate at Outturn £000	2019/2020 Estimate at Outturn £000
PAY	367,914	378,067	387,108	390,401
NON PAY	110,648	110,909	111,805	114,641
INCOME	(76,843)	(78,929)	(81,527)	(83,158)
<b>TOTAL FORCE BUDGET</b>	<b>401,718</b>	<b>410,047</b>	<b>417,386</b>	<b>421,884</b>
OFFICE OF THE PCC	1,624	1,627	1,630	1,632
COMMUNITY SAFETY FUND	5,266	5,239	5,213	5,187
SHARED SERVICES	213	213	213	213
<b>TOTAL OPCC AND SHARED SERVICES</b>	<b>7,104</b>	<b>7,080</b>	<b>7,056</b>	<b>7,033</b>
<b>NET BUDGET REQUIREMENT</b>	<b>408,822</b>	<b>417,126</b>	<b>424,442</b>	<b>428,917</b>
FUNDED BY				
POLICE GRANT	317,493	315,989	314,493	313,004
COLLECTION FUND SURPLUS/DEFICIT	1,129	1,129	1,129	1,129
PRECEPT REQUIREMENT	90,199	92,914	95,711	98,591
<b>TOTAL FUNDING</b>	<b>408,822</b>	<b>410,032</b>	<b>411,332</b>	<b>412,725</b>
<b>SHORTFALL</b>	<b>0</b>	<b>7,094</b>	<b>13,110</b>	<b>16,192</b>

All the assumptions underpinning the current MTFF will be revisited and updated quarterly as we continue work on the next budget cycle.

The annual revenue budget for 2016/17 of £386.641 million, which required a £5 increase in council tax, was approved by the Police and Crime Panel on 29th January 2016. Although it represents an annual cash increase of £4.0 million or 1.0% it still requires cash savings, identified through the Productivity Strategy, of £15.6 million.

The next few years will undoubtedly be extremely challenging and difficult, but work is in hand to make sure that our key priority services are maintained to the highest standards possible with the available funding. We will continue to be robust in driving out all possible savings from non staff budgets and ensure that, as far as practicably possible, our staff are delivering the right service at the right time.

**d. Capital**

In addition to spending on day to day activities, expenditure is incurred on land and buildings, information technology and other items of plant and equipment which have a longer term life.

**Capital outturn 2015/16**

The following table shows the net capital position compared to the approved capital programme.

	Annual Budget £m	Annual Spend £m
Estates Schemes	4.866	6.421
Vehicles and Equipment	5.501	3.800
ICT Schemes	10.614	11.166
NPAS	9.968	15.035
	30.949	36.422

**Medium Term Capital Plan**

The PCC has approved a Medium Term Capital Plan (MTCP) costing £138.85m over the next four years, which will provide the Force with appropriate infrastructure and assets to deliver innovative policing strategies with fewer resources.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Estates Schemes	4.708	8.022	11.804	10.881	35.415
Vehicles and Equipment	2.977	3.262	2.526	2.260	11.025
ICT Schemes	15.712	9.842	3.461	2.691	31.706
NPAS	19.156	19.531	11.823	10.194	60.704
	42.553	40.657	29.614	26.026	138.850

**e. Balance Sheet**

The Balance Sheet is a snapshot of the Chief Constable's assets, liabilities, cash balances and reserves at the balance sheet date. A high level summary is provided below.

At 31st March 2016 we had negative net assets of £4.321 billion. The sole reason we have negative assets is because of the pension liabilities associated with the unfunded police officer pension scheme and the deficit of £0.236 billion in the funded Local Government Pension Scheme (LGPS) for police staff.

The police officer pension scheme is underwritten by the Home Office who provide an annual top-up grant to fund the difference between pension payments and income from employee and employer contributions. The current deficit in the LGPS will be managed through future employee and employer contributions.

<b>31 March 2015 £000</b>	Chief Constable's Balance Sheet	<b>31 March 2016 £000</b>
0	Non-current assets	0
0	Current assets	0
<b>0</b>	<b>Total Assets</b>	<b>0</b>
(16,647)	Short Term Creditors (note 10)	(17,724)
<b>(16,647)</b>	<b>Current Liabilities</b>	<b>(17,724)</b>
(4,470,090)	Net Pension Liability (note 13)	(4,303,304)
<b>(4,470,090)</b>	<b>Long Term Liabilities</b>	<b>(4,303,304)</b>
<b>(4,486,737)</b>	<b>Net Assets</b>	<b>(4,321,028)</b>
(4,470,090)	Pension Reserve (note 11)	(4,303,304)
(16,647)	Accumulated Absences Account (note 11)	(17,724)
<b>(4,486,737)</b>	<b>Total Unusable Reserves</b>	<b>(4,321,028)</b>

#### 4. NON-FINANCIAL PERFORMANCE

In 2015/16, West Yorkshire Police was rated as 'good' in each of the three pillars of effectiveness, efficiency and legitimacy in HM Inspectorate of Constabulary's (HMIC) annual PEEL assessments of the Force's performance.

Total recorded crime is 26% lower than it was 20 years ago and the Crime Survey for England and Wales continues to identify reduced risk of victimisation in West Yorkshire. This represents continued success despite the £140m budget reduction since 2009/10. Since November 2014 there has been month on month increases in recorded crime, in the main due to improved compliance with the National Crime Recording Standard (NCRS). The volume of crime recorded in the final quarter of 2015/16 was an increase of 24.4% on the same period last year, resulting in an overall increase in recorded crime in 2015/16 of 28.5% when compared to the previous year. This increase mirrors the experience nationally and our most similar group (MSG) of forces, with all bar three forces seeing an increase in recorded crime in the latest 12 months.

Analysis of calls for service and recorded crime identify that the majority of the increase (which predominantly relates to violent crime, sexual offences, robbery, burglary, public order, damage, theft and miscellaneous crimes) is a result of efforts to ensure the Force complies with the national standard for crime recording. The volume of recorded crime has also been influenced by operational policy change relating to domestic abuse and increased victim preparedness to report crime. We estimate that, of the 28.5% increase so far this year, a 4% increase can be attributed to increased risk of becoming a victim of crime (largely cyber enabled violence and sexual offences, abusive images, vehicle crime, bicycle theft and other theft). This increasing trend in recorded crime is forecast to continue into 2016/17, as we embed processes that ensure consistency with the NCRS.

Compliance with the national crime recording standard (NCRS) continues to drive improvement in the quality and consistency of crime recording. HMIC's Crime Data Integrity inspection resulted in recommendations relating to NCRS monitoring and governance. These recommendations along with further improvement work has led to an increased likelihood of a call for service becoming a recorded crime (particularly in relation to sexual offences and domestic burglary), an improvement in audit findings (generally from FAIR to GOOD/EXCELLENT) and a crime profile that is more in line with that nationally.

A key priority has been to reduce the level of domestic burglary and a 1.4% reduction in 2014/15 took the level to a 31 year low. The long-term reducing trend for domestic burglary had continued to October 2014 however, since that time, there has been an increasing trend,

in the main, due to compliance with the NCRS. Recorded domestic burglary increased by 10.9% in the final quarter of 2015/16, bringing the increase for the year to 10.7%.

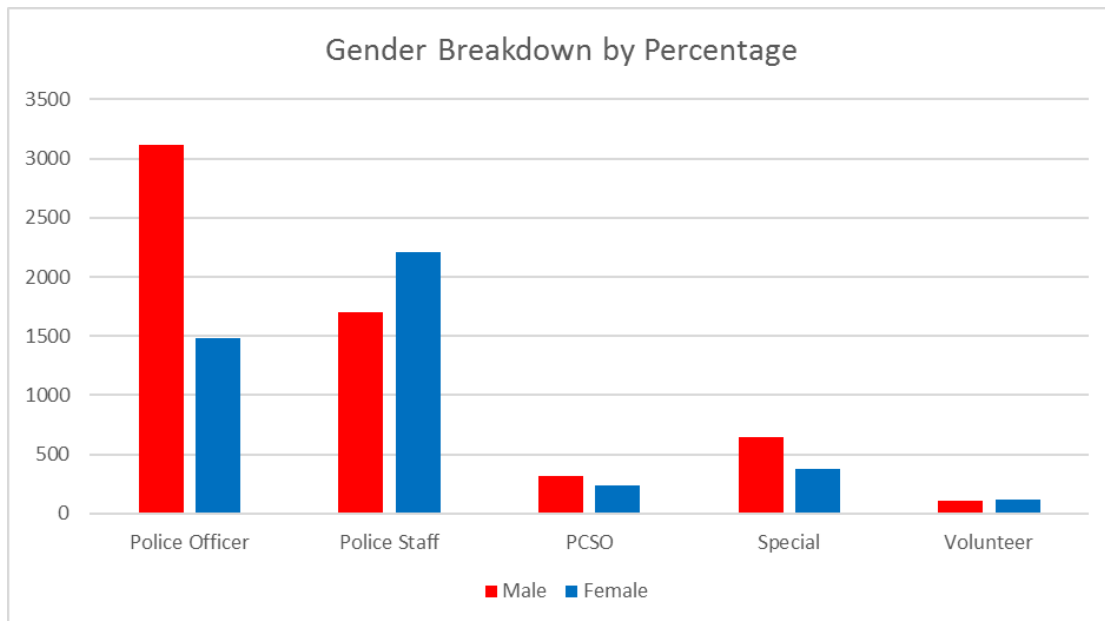
Overall victim satisfaction has been maintained at the particularly high level achieved since mid-2012/13, with a year-end result for 2014/15 of 87.8%. The Force has seen a reduction in overall victim satisfaction during this year (to stand at 84.3% by year end). This reduction is largely attributed to vehicle crime victim satisfaction (see section 6). Despite the reduction, the Force has maintained 3<sup>rd</sup> highest position in the MSG (as at 31 December 2015), for overall victim satisfaction and for victims from a BME and white ethnic background.

## 5. PEOPLE

At 31st March 2016 West Yorkshire Police employed 9,061 people in full and part time contracts. We also had 1,030 unpaid members of the special constabulary and 230 volunteers giving a total workforce of 10,321.

Below is the make-up of the Police workforce.

	Workforce	Full Time Equivalent
Police Officers	4596	4478
Police Staff	3908	3549
PCSO's	557	533
<b>Paid Employees</b>	<b>9061</b>	<b>8560</b>
Special Constabulary	1030	
Volunteers	230	
<b>Total Workforce</b>	<b>10321</b>	



## 6. PRINCIPAL RISKS AND UNCERTAINTIES

A risk management strategy is in place to identify and evaluate risk. Risks are managed and monitored through a quarterly risk management group chaired by the Deputy Chief Constable. There are clearly defined steps to support better decision making through the understanding of risks, whether a positive opportunity or a threat and the likely impact.

Below are the main corporate risks from the Force Strategic Risk Register:

1. The UK faces a significant threat from both extremism & terrorism, (this is being managed through intelligence monitoring and threat assessment refresh).

2. Lack of capacity & capability to tackle the growing demand of Child Abuse, including legacy cases. (This is being managed through the safeguarding review).

These are being actively managed by the Chief Constable's Leadership Team, the Risk Management Group and quarterly updates are provided to the Joint Independent Audit Committee.

## **7. SUMMARY AND CONCLUSION**

West Yorkshire Police continue to deliver effective financial management to support the delivery of the CC Policing Strategy and the PCC Policing Plan. The Chief Officer team is fully engaged with the budgeting process to ensure resources are directed to priority areas.

In January 2016 HMIC published their State of Policing report which summarised the results of their Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection. West Yorkshire was assessed as good in the three pillars of efficiency, effectiveness and legitimacy.

The resources available to police forces, and particularly West Yorkshire, have reduced significantly since March 2010 and we are currently delivering policing services within a budget that has been reduced by £140m (to March 2016). This has resulted in a reduction in police officer strength (headcount), from 5,815 at 31 March 2010 to stand at 4,596 as at 31 March 2016 (a reduction of 1,219 officers) In reshaping our organisation to work within a reducing budget, we have sought to deliver savings in back-office and operational support areas whilst seeking to protect frontline delivery. The latest medium term financial forecast, which covers the four year period 2016/17 to 2019/20, provides for some reinvestment in priority areas including up to 600 police officers, enhancement of cyber and safeguarding capability. Despite the financial challenges the Group continues to maintain a healthy level of cash balances which will be used in a judicious manner in future years to help manage the budget and deliver the Group's police and crime plan priorities. The financial outlook remains challenging but I am confident that the CC, PCC and their respective leadership teams will continue to deliver strong and effective financial management in order to maintain an appropriate level of funding for essential operational services.

Further information about the accounts is available from:

Nigel Brook  
Chief Finance Officer  
West Yorkshire Police HQ  
Laburnum Road  
Wakefield.  
West Yorkshire  
Telephone 01924 375222

## FINANCIAL STATEMENTS

## Movement in Reserves Statement for the Chief Constable of West Yorkshire Police

	Police Fund Balance	Total Usable Reserves	Pension Reserve	Accumulated Absences Adjustment Account	Total Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2014</b>	0	0	(4,203,804)	(12,941)	(4,216,745)	(4,216,745)
<b>Movement in Reserves during 2014/15</b>						
Surplus or (deficit) on the provision of services	(222,881)	(222,881)	0	0	0	(222,881)
Other Comprehensive Income and Expenditure	0	0	(47,111)	0	(47,111)	(47,111)
<b>Total Comprehensive Income and Expenditure</b>	(222,881)	(222,881)	(47,111)	0	(47,111)	(269,992)
Adjustments between accounting basis & funding basis under regulations (note 7)	222,881	222,881	(219,175)	(3,706)	(222,881)	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	0	0	(266,286)	(3,706)	(269,992)	(269,992)
Transfers (to)/from Earmarked Reserves	0	0	0	0	0	0
<b>Increase/Decrease in 2014/15</b>	0	0	(266,286)	(3,706)	(269,992)	(269,992)
<b>Balance at 31 March 2015 C/fwd</b>	0	0	(4,470,090)	(16,647)	(4,486,737)	(4,486,736)

## Movement in Reserves Statement for the Chief Constable of West Yorkshire Police

	Police Fund Balance	Total Usable Reserves	Pension Reserve	Accumulated Absences Adjustment Account	Total Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2015</b>	0	0	(4,470,090)	(16,647)	(4,486,737)	(4,486,737)
<b>Movement in Reserves during 2015/16</b>						
Surplus or (deficit) on the provision of services	(195,344)	(195,344)	0	0	0	(195,344)
Other Comprehensive Income and Expenditure	0	0	361,053	0	361,053	361,053
<b>Total Comprehensive Income and Expenditure</b>	(195,344)	(195,344)	361,053	0	361,053	165,709
Adjustments between accounting basis & funding basis under regulations (note 7)	195,344	195,344	(194,268)	(1,076)	(195,344)	0
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	0	0	166,785	(1,076)	165,709	165,709
Transfers (to)/from Earmarked Reserves	0	0	0	0	0	0
<b>Increase/Decrease in 2015/16</b>	0	0	166,785	(1,076)	165,709	165,709
<b>Balance at 31 March 2016 C/fwd</b>	0	0	(4,303,304)	(17,724)	(4,321,028)	(4,321,028)



## Comprehensive Income and Expenditure Statement for the Chief Constable of West Yorkshire Police

2014/15		2015/16		
Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000		£000	£000	£000
231,287	Local Policing	231,549	0	231,549
33,222	Dealing with the Public	33,895	0	33,895
41,368	Criminal Justice Arrangements	37,599	0	37,599
7,934	Roads Policing	4,878	0	4,878
15,595	Specialist Operations	12,401	0	12,401
21,766	Intelligence	20,405	0	20,405
102,239	Investigations	104,136	0	104,136
21,801	Investigative Support	24,399	0	24,399
71,791	National Policing	72,125	0	72,125
3,528	Non Distributed Costs	4,378	0	4,378
457	Pension Costs Past Service Costs	16,478	0	16,478
<b>550,988</b>	<b>Net cost of policing services from continuing operations</b>	<b>562,243</b>	<b>0</b>	<b>562,243</b>
0	Acquired operations			0
<b>550,988</b>	<b>Net cost of policing services from total operations</b>			<b>562,243</b>
(550,988)	Intra Group Funding			(562,243)
186,343	Pension net interest expense (note 13)			140,706
<b>186,343</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>140,706</b>
47,111	Actuarial (gains)/losses on pension assets/liabilities (note 13)			(361,053)
<b>47,111</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(361,053)</b>
<b>233,454</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(220,347)</b>

The following expenditure is included within the Comprehensive Income and Expenditure Statement on an accruals basis:

- IAS 19 Pension costs for Police Officers and Police Staff employed by the CC.
- A charge for building running costs.
- All other costs incurred in providing a policing service.

All income accrues to the PCC and is shown in his single entity financial statements and the Group Statement of Accounts.

This statement shows the accounting cost of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Taxation is raised by the PCC to cover expenditure in accordance with regulations, this may differ from the accounting cost. The intra-group funding line above represents the funding received from the PCC.

## Balance Sheet for the Chief Constable of West Yorkshire Police

31 March 2015 £000		31 March 2016 £000
0	Non-current assets	0
0	Current assets	0
<b>0</b>	<b>Total Assets</b>	<b>0</b>
(16,647)	Short Term Creditors (note 10)	(17,724)
<b>(16,647)</b>	<b>Current Liabilities</b>	<b>(17,724)</b>
(4,470,090)	Net Pension Liability (note 13)	(4,303,304)
<b>(4,470,090)</b>	<b>Long Term Liabilities</b>	<b>(4,303,304)</b>
<b>(4,486,737)</b>	<b>Net Assets</b>	<b>(4,321,028)</b>
(4,470,090)	Pension Reserve (note 11)	(4,303,304)
(16,647)	Accumulated Absences Account (note 11)	(17,724)
<b>(4,486,737)</b>	<b>Total Unusable Reserves</b>	<b>(4,321,028)</b>

## Cash Flow Statement for the Police and Chief Constable of West Yorkshire Police

2014/15 £000		2015/16 £000
0	Net (surplus) or deficit on the provision of services	0
0	Adjustments to net surplus or deficit on the provision of services for non-cash movements	0
0	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities.	0
<b>0</b>	<b>Net Cash flows from Operating Activities</b>	<b>0</b>
0	Investing Activities	0
0	Financing Activities	0
<b>0</b>	<b>Net Increase or decrease in cash and cash equivalents</b>	<b>0</b>
0	Cash and cash equivalents at the beginning of the reporting period	0
<b>0</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>0</b>

The CC does not have any cash flows for the year ended 31 March 2016. All payments were made from the Police Fund which is managed and held by the PCC for West Yorkshire. Cash flows for the Group can be seen within the Group Accounts.

## NOTES TO THE ACCOUNTS

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## 1 ACCOUNTING POLICIES

### 1.1 General

The Chief Constable of West Yorkshire Police (CC) is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 and those Regulations require that they are prepared in accordance with proper accounting practices.

These financial statements have been prepared in accordance with the Code of Practice 2015/16, the Code, on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit Regulations 2015 and the Service Reporting Code of Practice for Local Authorities 2014/15 (SERCOP). The accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS).

Where the Code permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances for the purposes of giving a true and fair view has been selected

### 1.2 Convention

These financial statements have been prepared on a going concern basis, under the historical cost convention modified to account for the revaluation of certain categories of non-current assets and financial instruments.

### 1.3 The West Yorkshire Police Group

Following Royal Assent of the Police Reform and Social Responsibility Act 2011 the West Yorkshire Police Authority (WYPA) was replaced on 22 November 2012 with two corporations sole: the Police and Crime Commissioner for West Yorkshire (PCC) and the Chief Constable of West Yorkshire Police (CC).

This involved a transfer of functions, but the essentials of the service delivery have been maintained.

Both bodies are required to prepare a separate Statement of Accounts. These financial statements are those of the CC of West Yorkshire Police, and cover the 12 months to the 31 March 2016.

The CC was designated as a Local Authority under statute during 2013/14.

The principal accounting policies adopted are set out below.

### 1.4 Accounting Principles

#### ***Balance Sheet***

On 22 November 2012, the assets, liabilities and reserves of WYPA were transferred directly to PCC and statutory and local arrangements and practice determine that the PCC continues to hold and maintain direct control of all the assets, liabilities and reserves at the balance sheet date.

Special arrangements exist in relation to the employee related liabilities (pension and accumulated absences) which are under the direction and control of the CC, which, in line with CIPFA guidance, are shown in the CC's balance sheet.

Based on the statutory powers and responsibilities as designated by the Police Reform and Social Responsibility Act 2011, and the local agreements and practice in place, and taking account of the guidance included in the Code, it has been determined that all the

assets, liabilities and reserves are recognised on the PCC Balance Sheet other than liabilities relating to the staff and officers under the direction and control of the CC. These are recognised in the CC's balance sheet, although ultimate responsibility for the liability remains with the PCC Group.

All payments for the Group are made by PCC from the PCC Police Fund and all income and funding is received by PCC. PCC has the responsibility for managing the financial relationships with third parties and has legal responsibilities for discharging the contractual terms and conditions of suppliers. The PCC also has a statutory responsibility for Treasury Management, and the management of cash and cash equivalents.

As a result, working capital balances are shown on the balance sheet of the PCC.

### ***Comprehensive Income and Expenditure Statement (CIES)***

Under the Act, the CC is responsible for the day to day provision of the policing functions, including direction and control of police officers. To facilitate this, the PCC has delegated certain powers over authorisation of revenue expenditure within the agreed budget and direction and control over police staff to the CC's Assistant Chief Officer, Finance and Business Services.

Based on the statutory powers and responsibilities as designated by the Act, and the local agreements and practice in place, and taking account of the guidance included in the Code, it has been determined that expenditure related to the Cost of Police Services is shown in the CC Comprehensive Income and Expenditure Statement, funded by an equal and opposite credit from the PCC. All income and funding and expenditure directly controlled by the PCC is shown in the PCC Comprehensive Income and Expenditure Statement.

### ***Intra-Group Charges***

PCC makes charges to CC:

- for the use of buildings a Building Running Costs charge
- for the current service cost of providing retirement benefits to employees

CC makes charges to PCC:

- for the cost of policing services

## **1.5 New International Accounting Standards adopted for the first time in this financial period**

The Code requires adoption of the following Accounting Standards in the 2015/16 accounts:

- IFRS 13 Fair Value Measurement (adoption deferred from 2014/15 to 2015/16 statements).
- IFRIC 21 Levies

The following annual improvements are also required under the code:

- IFRS 1 – Meaning of Effective IFRSs
- IFRS 3 – Scope Exceptions for Joint Ventures
- IFRS 13 – Portfolio Exception (para 52 scope)
- IAS 40 – Interrelationships of IFRS3, Business Exceptions, and IAS 40 Investment Property.

These have been adopted, but have no impact on the CCs Accounts.

## **1.6 Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

In the application of the accounting policies, management is required to make judgements, estimates and assumptions about complex transactions or those involving uncertainty about future events.

There have been no changes in accounting policy relating to the CC accounts.

## **1.7 Accruals of Income and Expenditure**

Activity is accounted for in the year it takes place, not simply when cash payments are made or received. In particular:

- Fees and charges due are accounted for as income by the PCC and Group at the date the goods or services are provided.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the PCC and Group Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

## **1.8 Provisions**

Provisions are made where an event has taken place that gives the CC and Group an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. Provisions are recognised in the year the CC and Group becomes aware of the obligation, based on the best estimate of the likely settlement. Where the provision is related to the Cost of Policing these are reflected in the Comprehensive Income and Expenditure Statement.

Where payments are eventually made, they are charge to the provision set up in the PCC and Group Balance Sheet. Estimated settlements are reviewed at the end of the financial year. Where it becomes more likely than not that a transfer of economic benefits are not required, the provision is reversed.

## **1.9 Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement, or in the notes to the accounts, depending on how significant the items are to an understanding of the CC's financial performance.

Prior period adjustments may arise as a result of a change in accounting policies or to correct material errors. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or when the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the CC's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## **1.10 Carbon Reduction Commitment Scheme**

The Group is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently in the initial year of its second phase, which ends on 31 March 2019. The authority is required to purchase allowances, either prospectively or retrospectively, and surrender them on the basis of emissions, ie carbon

dioxide produced as energy is used. As carbon dioxide is emitted (ie as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption.

The cost to CC is recognised and reported in the cost of services, and is apportioned to services on the basis of energy consumption.

## **1.11 Grants and Contributions**

Whether paid on account, by instalments or in arrears, grants and third party contributions and donations are recognised by the Group as due when there is reasonable assurance that:

- The conditions attached to the payments is complied with; and,
- The grants or contributions is received.

Amounts recognised as due to PCC are not credited to the Group Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

## **1.12 Employee Benefits**

### **1.12.1 Benefits Payable during Employment**

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to CC.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Group Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

### **1.12.2 Termination Benefits**

Termination benefits are amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Police Fund Balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### 1.12.3 Post Employment Benefits

CC employees participate in four different pension schemes:

- The Local Government Pension Scheme (LGPS) for police staff employees. This is a funded, defined benefit scheme.

Three Pension Schemes for police officers which are unfunded schemes.

- The 1987 Police Pension Scheme (PPS) was closed to new recruits from April 2006 when a new scheme was introduced with different contribution rates and benefits.
- The New Police Pension Scheme (NPPS). The 2006 scheme was closed to new recruits from 2015.
- The 2015 Police Pension Scheme from 1<sup>st</sup> April 2015.

The schemes provide defined benefits to members (retirement lump sums and pensions) earned as employees working for the group.

The requirements of International Accounting Standard (IAS) 19 'Employee Benefits' have been fully implemented in accordance with policies set out in the Code of Practice. The main aspects of these policies are:

- The attributable liabilities of each scheme are measured on an actuarial basis using the projected unit method, that is, an assessment of the future payments that is made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of projected earnings for current employees;
- Scheme liabilities are discounted at the rate which reflects the time value of money and the characteristics of the liability;
- The attributable assets of the LGPS are measured at fair value. This is based on the following:
  1. Quoted securities – by current bid price;
  2. Unquoted securities – by professional estimate;
  3. unitised securities – by current bid price;
  4. property – at market value;
- As unfunded schemes, the police pension schemes have no assets.

The change in the net pension liability is analysed into the following components:

Service costs comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
- Net interest expense on the net defined benefit liability (asset) – the change during the period in the net defined liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:



- Return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset), charges to the Pension Reserve as Other Comprehensive Income and expenditure.
- Actuarial gains/losses - on settlements and curtailments – the result of actions to relieve the CC of liabilities or events that reduce the expected future service or accrual of benefits of employees, debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs;
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions Reserve as Other Comprehensive Income and expenditure.

Contributions paid to the LGPS – cash paid as employers contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the Group Police Fund Balance to be charged with the amount payable by the Group to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Group Police Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

A separate statement of Police Pension Fund Accounts is prepared to reflect the transactions in respect of funding for the Police Pension Schemes.

#### **1.12.4 Discretionary Benefits**

CC has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

#### **1.13 Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply of service in accordance with the costing principles of the Service Reporting Code of Practice for Local Authorities 2015/16 (SeRCOP). The total absorption costing principle is used. The full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early.

This is accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

The accounts include support services recharged by Wakefield and Bradford Metropolitan District Councils and Mouchel on the basis of estimated time spent by officers on the various functions.

#### **1.14 Interests in Companies and Other Entities**

##### **Parent and Subsidiary**

The PCC has material interests in West Yorkshire Police that has the nature of a subsidiary controlled entity which requires the preparation of group accounts.

### **Jointly controlled Operations – Regional Working**

The Group engages in collaborative working in partnership with the Yorkshire and Humber Authorities / Forces to deliver a number of specific services on a regional basis.

Regional collaboration is funded from contributions made by the four Police Commissioners with the level of contribution being dependant upon the assessment of the benefit to be derived from each specific project or initiative.

One Force is nominated to provide particular services to the Region, charging the other Forces for the services provided. West Yorkshire is the nominated Force for Serious and Organised Crime and Scientific Support Services.

- The CC single entity financial statements showing gross expenditure and associated income for provided services, within the service expenditure analysis apportioned under the relevant headings;
- CC includes the Debtor and Creditor Balances in the Balance Sheet;
- The Group Accounts show the net overall position.

### **1.15 Value Added Tax (VAT)**

CC does not submit a VAT return as PCC submits a single VAT return on behalf of the Group. VAT is included in the CC Comprehensive Income and Expenditure Statement only to the extent that it is irrecoverable from HM Revenue and Customs.

### **1.16 Events after the reporting period**

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect those events.
- Those that are indicative of conditions that arose after the reporting period. The Statement of Accounts is not updated to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature and estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

### **1.17 Exceptional items and prior period adjustments**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of CC's financial performance.

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or when the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Group's financial position or financial performance. Where a change is made, it is applied retrospectively (unless

stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **1.18 Accounting Standards that have been issued but have not yet been adopted**

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code), the Group is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted.

There are a number of minor amendments to International Financial Reporting Standards but these are not expected to have any material impact on the accounts.

## **2 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements requires the CC to make judgements, estimates and assumptions that affect the application of policies and reporting amounts of expenditure. Estimates and associated assumptions are made taking into account historical experience, current trends and other relevant factors, the results of which form the basis of making judgements amounts that are not readily apparent from other sources. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The estimates and assumptions are reviewed on an ongoing basis. Key areas of estimation uncertainty relate to Property Plant and Equipment and IAS 19 pension actuarial calculations.

With the exception of IAS 19, these estimates do not affect the CC Accounts, items in the Group Balance Sheet for which there is a significant risk of material adjustment in the forthcoming financial year can be found within Note 4 of the Group Accounts.

## **3 MATERIAL ITEMS OF INCOME AND EXPENDITURE**

### **Pension Comutation Factors**

In 2014/15 the Pensions Ombudsman published his determination in a case concerning the lump sum paid to a firefighter on his retirement. The case had relevance to many firefighters and police officers who retired in the early 2000s. The order which governs the Firemen's Pension Scheme 1992 and the regulations which govern the Police Pension Scheme 1987 contain similar provisions relating to commutation, each requiring that lump sums are calculated as the actuarial equivalent of the annual pension exchanged.

The commutation factors under the Fire and Police Schemes are reviewed from time to time in accordance with their governing legislation. The determination found that "an opportunity to review the commutation factors was lost in 2001/02 and then again between 2002 and 2004", resulting in less beneficial terms than would have been applied had the reviews taken place.

During 2015/16 the backdated commutations plus interest was paid to those individuals affected totalling £16.3m. The cost of this was initially paid by the force and is included within the Net Cost of Policing within the Comprehensive Income and Expenditure Statement. This cost was met by the receipt of a Government grant which is included within Taxation and non-specific grant income within the Comprehensive Income and Expenditure Statement Group Accounts.

**4 EVENTS AFTER THE BALANCE SHEET DATE**

The financial statements were authorised for issue by the Chief Finance Officer on (*date to be inserted*). All events relevant to the financial year ended 31 March 2016 have been taken into consideration up to this date and where material recognised in the Statement of Accounts. There can be no reasonable expectation that events after this date could have been taken into account by the CC for West Yorkshire Police.

**5 ANALYSIS OF EXPENDITURE****Service Expenditure Analysis**

The policing activities in the Comprehensive Income and Expenditure Statement (CIES) for the 12 months to 31 March 2016 are separately identified in accordance with the CIPFA Service Reporting Code of Practice (SeRCOP).

Within the Net Cost of Policing Services there are nine divisions of service under which expenditure is analysed as per the SeRCOP 2015/16. These figures include an overhead allocation on a consistent basis with other headings in the statement. The SeRCOP divisions of service and the activities which fall within these headings are listed below.

**Local Policing**

Neighbourhood Policing  
Incident / Response Management  
Specialist Community Liaison  
Command Team and Support Overheads

**Dealing with the Public**

Local Call Centre / Front Desk  
Central Communications Unit  
Local Command Team and Support  
Overheads

**Criminal Justice Arrangements**

Custody  
Police Doctors, Nurses and Surgeons  
Other Custody Costs  
Criminal Justice Arrangements  
Police National Computer (PNC)  
Civil Disclosure / Criminal Records Bureau  
Coroner Assistance  
Fixed Penalty Scheme  
Property Stores  
Command Team and Support Overheads

**Roads Policing**

Traffic Units  
Police Community Support Officer Traffic  
Vehicle Recovery  
Casualty Reduction Partnership  
Command Team and Support Overheads

**Operational Support**

Air Operations	Airport and Ports Policing Unit
Mounted Police	Firearms Unit
Specialist Terrain	Civil Contingencies
Dogs Section	Events
Advanced Public Order	Command Team and Support Overheads

**Intelligence**

Intelligence Analysis / Threat Assessments  
Intelligence Gathering  
Command Team and Support Overheads

**Investigations**

Major Investigation Unit  
Economic Crime  
Specialist Investigations Units  
  
Serious and Organised Crime Unit  
Public Protection  
Local Investigation / Prisoner Processing  
Command Team and Support Overheads

**Investigative Support**

Scene of Crime Officers  
External Forensic Costs  
Fingerprint / Internal Forensic Costs  
Photographic Image Recovery  
Other Forensic Services  
Command Team and Support Overheads

**National Policing**

Secondments (Out of Force)  
Counter-terrorism / Special Branch  
NPCC Projects / Initiatives  
Hosting National Services  
Other National Policing Requirements

2014/15 £000	Service Expenditure Analysis	2015/16 £000
	Employee Costs:	
266,639	Police Officer Costs	270,488
123,518	Police Staff Costs	132,165
5,976	Other Pay Costs	22,953
36,071	Premises Related Expenditure	32,648
35,612	Transport Related Expenditure	31,947
50,949	Supplies & Services	54,154
32,223	Third Party Payments	17,888
<b>550,988</b>	<b>COST OF POLICING WITHIN WEST YORKSHIRE</b>	<b>562,243</b>
(550,988)	Intra-group adjustment	(562,243)
<b>0</b>	<b>Net Cost of Policing Services</b>	<b>0</b>

The above table reflects the Net Cost of Policing broken down over the subjective headings of providing a policing service.

These are the accounting costs in the year of providing a service in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

## 6 AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

Decisions about resource allocation within West Yorkshire Police are made using internal management reports which show expenditure on a segmental basis. The segmental analysis is prepared using internal management reporting methodologies which in some cases are different from the accounting policies in the financial statements. In particular, charges for use of assets are not included in the management reports and the cost of retirement benefits is based on the cash flows rather than the current service cost of benefits accrued in the year.

The following table represents the Senior Management portfolios in place for the majority of 2015/16. However, these do change periodically and the budget reports are amended accordingly.

Expenditure 2015/16	ACC Local Policing £000	ACC Workforce Development £000	ACC Specialist Operations	ACC Specialist Crime	ACO Finance & Business Services £000	DCC Deputy Chief Constable £000	TOTAL £000
Employee Expenses	107,715	110,905	28,817	48,289	14,284	20,144	330,152
Other Service Expenses	1,449	1,562	5,863	5,747	44,507	20,566	79,695
Support Service Recharges	62	55	26,184	22	5	17	26,345
<b>Total Expenditure</b>	<b>109,226</b>	<b>112,523</b>	<b>60,864</b>	<b>54,058</b>	<b>58,796</b>	<b>40,727</b>	<b>436,193</b>

Expenditure 2014/15	ACC Local Policing £000	ACC Corporate Services £000	ACC Operational Support £000	ACC Specialist Crime £000	ACO Finance & Business Services £000	DCC Deputy Chief Constable £000	TOTAL £000
Employee Expenses	109,064	114,064	50,030	47,081	14,227	18,198	352,664
Other Service Expenses	1,727	4,959	11,180	10,855	47,508	16,356	92,585
Support Service Recharges	72	69	18	26	5	16	206
<b>Total Expenditure</b>	<b>110,863</b>	<b>119,092</b>	<b>61,228</b>	<b>57,962</b>	<b>61,740</b>	<b>34,570</b>	<b>445,455</b>

## Reconciliation of Senior Management Portfolio Expenditure to Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures shown by Senior Management portfolios relate to the amounts included in the Comprehensive Income and Expenditure Statement:

	2015/16	2014/15
	£000	£000
<b>Expenditure in the ACC analysis</b>	<b>436,193</b>	<b>445,455</b>
Net Expenditure of Services and Support Services not included in the analysis	45,383	43,019
Amounts in the CIES not reported to management in the Analysis	140,787	125,863
Amounts included in the Analysis not included in the CIES	(60,120)	(63,349)
<b>COST OF POLICING WITHIN WEST YORKSHIRE</b>	<b>562,243</b>	<b>550,988</b>

## Reconciliation to Subjective Analysis

This reconciliation shows how the figures shown by the Senior Management portfolios relate to a subjective analysis of the Surplus or Deficit on the provision of Services included in the Comprehensive Income and Expenditure Statement.

	ACC Analysis	Support Service not in Analysis	Amounts not reported to management for decision making	Amounts not included in CIES	Total
2015/16	£000	£000	£000	£000	£000
Employee Expenses	330,152	24,304	1,076	(1,740)	353,793
Other Service Expenses	79,695	20,940	0	0	100,635
Support Service Recharges	26,345	139	0	0	26,484
Depreciation, Amortisation & Impairment	0	0	27,726	0	27,726
Interest Payments	0	0	0	0	0
Capital Financing	0	0	0	(9,105)	(9,105)
IAS 19 Adjustments	0	0	111,985	(49,275)	62,710
<b>Total Expenditure</b>	<b>436,193</b>	<b>45,383</b>	<b>140,787</b>	<b>(60,120)</b>	<b>562,243</b>

	ACC Analysis	Support Service not in Analysis	Amounts not reported to management for decision making	Amounts not included in CIES	Total
2014/15	£000	£000	£000	£000	£000
Employee Expenses	352,664	20,749	3,706	(1,565)	375,554
Other Service Expenses	92,585	25,952	0	0	118,537
Support Service Recharges	206	(3,682)	0	0	(3,476)
Depreciation, Amortisation & Impairment	0	0	29,644	0	29,644
Interest Payments	0	0	0	0	0
Capital Financing	0	0	0	(4,263)	(4,263)
IAS 19 Adjustments	0	0	92,513	(57,521)	34,992
<b>Total Expenditure</b>	<b>445,455</b>	<b>43,019</b>	<b>125,863</b>	<b>(63,349)</b>	<b>550,988</b>

## 7 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the CC in the year in accordance with the proper accounting practice.

The following adjustments are for 2015/16

<b>Pensions Reserve Adjustments:</b>	
Reversal of items debited or credited to the CIES	(252,691)
Employer's pensions contributions	58,423
<b>Accumulated Absences Adjustment Account:</b>	
Officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year	(1,076)
<b>Total Adjustments</b>	
	(195,344)

<b>Usable Reserves</b>	
Police Fund Balance	Movement in Usable Reserves
£'000	£'000
(252,691)	(252,691)
58,423	58,423
(1,076)	(1,076)
<b>(195,344)</b>	<b>(195,344)</b>

<b>Unusable Reserves</b>		
Pensions Reserve	Accumulated Absences Fund	Movement in Unusable Reserves
£'000	£'000	£'000
252,691	0	252,691
(58,423)	0	(58,423)
0	1,076	1,076
<b>194,268</b>	<b>1,076</b>	<b>195,344</b>

The following adjustments are for 2014/15

<b>Pensions Reserve Adjustments:</b>	
Reversal of items debited or credited to the CIES	(278,856)
Employer's pensions contributions	59,681
<b>Accumulated Absences Adjustment Account:</b>	
Officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year	(3,706)
<b>Total Adjustments</b>	
	(222,881)

<b>Usable Reserves</b>	
Police Fund Balance	Movement in Usable Reserves
£'000	£'000
(278,856)	(278,856)
59,681	59,681
(3,706)	(3,706)
<b>(222,881)</b>	<b>(222,881)</b>

<b>Unusable Reserves</b>		
Pensions Reserve	Accumulated Absences Fund	Movement in Unusable Reserves
£'000	£'000	£'000
278,856	0	278,856
(59,681)	0	(59,681)
0	3,706	3,706
<b>219,175</b>	<b>3,706</b>	<b>222,881</b>

**8 OFFICERS' REMUNERATION AND EXIT PACKAGES**

The remuneration paid to senior employees and senior police officers is as follows:

<b>CC 2015/16</b>		<b>Salary, Fees and Allowances £</b>	<b>Bonuses £</b>	<b>Pension Contribution £</b>	<b>Total £</b>
Mark Gilmore Chief Constable (Secondment)	01.04.15-31.03.16	179,158	0	0	<b>179,158</b>
Dee Collins Temporary Chief Constable	01.04.15-31.03.16	171,207	0	33,642	<b>204,849</b>
Temporary Deputy Chief Constable	01.04.15-31.03.16	143,426	0	24,656	<b>168,082</b>
Temporary Assistant Chief Constable (District Policing)	06.07.15-31.03.16	93,726	0	15,198	<b>108,924</b>
Assistant Chief Constable (Protective Services - Crime)	22.06.15-31.03.16	81,818	0	18,621	<b>100,438</b>
Assistant Chief Constable (Protective Services - Crime)	01.04.15 - 21.06.15	23,724	0	5,543	<b>29,267</b>
Assistant Chief Constable (Protective Services Ops)	01.04.15-31.03.16	110,646	0	24,656	<b>135,302</b>
Assistant Chief Constable (District Policing East)	01.04.15 - 21.06.15	26,002	0	6,035	<b>32,037</b>
Assistant Chief Constable (Partnerships and Programme of Change))	06.07.15-31.03.16	77,099	0	17,453	<b>94,552</b>
Temporary Assistant Chief Constable (District Policing West)	01.04.15 - 05.07.15	24,415	0	5,027	<b>29,442</b>
Assistant Chief Officer (Finance & Business Services) and Chief Finance Officer CC	01.04.15-31.03.16	107,339	0	11,356	<b>118,695</b>
<b>TOTAL</b>		<b>1,038,560</b>	<b>0</b>	<b>162,186</b>	<b>1,200,746</b>

<b>CC 2014/15</b>		<b>Salary, Fees and Allowances £</b>	<b>Bonuses £</b>	<b>Pension Contribution £</b>	<b>Total £</b>
Mark Gilmore Chief Constable	01.04.14-31.03.15	177,437	0	0	<b>177,437</b>
Dee Collins Temporary Chief Constable	20.06.14-31.03.15	129,194	0	26,041	<b>155,235</b>
Deputy Chief Constable	01.04.14-19.06.14	32,065	0	7,268	<b>39,333</b>
Temporary Deputy Chief Constable	23.06.14-31.03.15	100,454	0	17,831	<b>118,285</b>
Assistant Chief Constable (District Policing West)	01.04.14-22.06.14	22,331	0	5,218	<b>27,549</b>
Assistant Chief Constable (Specialist Crime)	01.04.13-17.08.14	39,822	0	8,685	<b>48,507</b>
Assistant Chief Constable (Protective Services - Crime)	01.04.14-31.03.15	106,838	0	23,947	<b>130,785</b>
Assistant Chief Constable (Protective Services Ops)	01.04.14-31.03.15	107,713	0	23,496	<b>131,210</b>
Assistant Chief Constable (District Policing East)	01.09.14-31.03.15	59,952	0	13,501	<b>73,452</b>
Temporary Assistant Chief Constable (District Policing West)	23.06.14-31.03.15	82,035	0	16,707	<b>98,742</b>
Temporary Assistant Chief Constable (District Policing West)	05.01.15-29.03.15	15,539	0	3,284	<b>18,824</b>
Assistant Chief Constable (Programme of Change)	01.04.14-21.04.14	5,733	0	0	<b>5,733</b>
Assistant Chief Officer (Finance & Business Services) and Chief Finance Officer CC	01.04.14-31.03.15	107,098	0	11,308	<b>118,407</b>
<b>TOTAL</b>		<b>986,211</b>	<b>0</b>	<b>157,288</b>	<b>1,143,499</b>



Other employees and senior police officers, not disclosed in the table above, receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

CC Remuneration Band	Number of Employees		CC Remuneration Band	Number of Employees	
	2015/16	2014/15		2015/16	2014/15
£50,000 - £54,999	25	34	£80,000 - £84,999	5	11
£55,000 - £59,999	51	35	£85,000 - £89,999	10	4
£60,000 - £64,999	31	11	£90,000 - £94,999	1	1
£65,000 - £69,999	8	11	£95,000 - £99,999	1	1
£70,000 - £74,999	7	5	£100,000 - £104,999	2	0
£75,000 - £79,999	4	1	£105,000 - £109,999	1	0

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit Packages	Compulsory Redundancies	Other Departures	Total	Exit Packages	Compulsory Redundancies	Other Departures	Total
2015/2016	£	£	£	2015/2016	No	No	No
£0-£20,000	13,113	65,337	78,450	£0-£20,000	1	4	5
£20,001-£40,000	47,005	134,557	181,562	£20,001-£40,000	2	4	6
£40,001-£60,000	93,404	46,601	140,006	£40,001-£60,000	2	1	3
£60,001-£80,000	0	0	0	£60,001-£80,000	0	0	0
£80,001-£100,000	0	0	0	£80,001-£100,000	0	0	0
£100,001-£150,000	118,210	0	118,210	£100,001-£150,000	1	0	1
	271,732	246,495	518,227		6	9	15

2014/2015	£	£	£	2014/2015	No	No	No
£0-£20,000	33,389	112,578	145,967	£0-£20,000	4	8	12
£20,001-£40,000	51,950	42,540	94,490	£20,001-£40,000	2	2	4
£40,001-£60,000	0	40,075	40,075	£40,001-£60,000	0	1	1
£60,001-£80,000	0	62,829	62,829	£60,001-£80,000	0	1	1
£80,001-£100,000	0	88,646	88,646	£80,001-£100,000	0	1	1
£100,001-£150,000	0	242,006	242,006	£100,001-£150,000	0	2	2
	85,339	588,674	674,013		6	15	21

The CC terminated the contracts of a number of employees in 2015/16, incurring liabilities of £0.361M, (£0.356m in 2014/15). Severance payments totalling £0.047m were identified as being due in the early part of 2016/17 (£0.056m in 2015/16) and were accrued in the Comprehensive Income and Expenditure Statement.

**9 EXTERNAL AUDIT COSTS**

The CC has incurred the following costs in relation to the audit of the Statement of Accounts, there were no certification of grant claims and statutory inspections and non-audit services provided by the external auditors.

	2015/16 £000	2014/15 £000
Fees payable to KPMG with regard to external audit services carried out by the appointed auditor for the year	23	30
<b>Total</b>	<b>23</b>	<b>30</b>

**10 CREDITORS**

The short term creditor balance of £17.724m (£16.647m 2014/15) relates to the liability for untaken leave and other accumulated absences due to staff at 31 March 2016.

**11 USABLE RESERVES****Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. CC accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet costs. However, statutory arrangements require benefits earned to be financed as CC makes employer's contributions to pension funds or eventually pays pensions for which it is directly responsible. The debit balance on the Pension Reserve therefore shows substantial shortfall in the benefits earned by past and current employees and the resources CC has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2014/15 £000	Pensions Reserve	2015/16 £000
<b>(4,203,804)</b>	<b>Balance at 1 April</b>	<b>(4,470,090)</b>
(47,111)	Actuarial gains or losses on pensions assets and liabilities	361,053
(278,856)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(252,691)
59,681	Employer's pensions contributions and direct payments to pensioners payable in the year	58,423
<b>(4,470,090)</b>	<b>Balance at 31 March</b>	<b>(4,303,305)</b>

**Accumulated Absences Adjustment Account**

The Accumulated Absences Adjustment Account represents the value of the future obligation of CC to pay officers and staff in respect of unused accumulated absences not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the Police Fund Balance is neutralised by transfers to or from the Account.

2014/15 £000	Accumulated Absences Adjustment Account	2015/16 £000
<b>(12,941)</b>	<b>Balance at 1 April</b>	<b>(16,647)</b>
12,941	Settlement or cancellation of accrual made at the end of the preceding year	16,647
(16,647)	Amounts accrued at the end of the current year	(17,724)
(3,706)	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,077)
<b>(16,647)</b>	<b>Balance at 31 March</b>	<b>(17,724)</b>

## 12 RELATED PARTIES

The Group and CC are required to disclose material transactions and balances with related parties, bodies or individuals that have the potential to control or exercise significant influence over the Group or be controlled or influenced by the Group. Disclosure of these transactions allows readers to assess the extent to which the Group might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Group.

The Group has sound arrangements for internal control and corporate governance (including a scheme of delegation and purchase, contract and procurement regulations) which minimise the potential for a single member or officer to constrain the actions of the Group, and which seek to ensure that the Group obtains Value for Money in all transactions.

### **Relationship with Central Government Departments and other Public Bodies.**

Central Government has significant influence over the general operations of the Group – it is responsible for providing the statutory framework within which the Group operates, it provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the group has with other parties (e.g. Council tax bills). Grants received from government departments are set out in the subjective analysis in Note 30 of the Group Accounts on reporting for resource allocation decisions.

### **Other Local Authorities (including Other Police Bodies)**

Local Government provides a proportion of the funding for the Group. The Police and Crime Panel, which is the body that holds the PCC to account, is comprised of elected members from each of the Local Authorities in the area, and has specific responsibilities in relation to the PCC.

Details of precepts are set out in Note 11 of the Group Accounts. The amounts owing to and from Other Local Authorities at the Balance Sheet date are included in debtors (Note 16 of the Group Accounts) and creditors (Note 18 of the Group Accounts).

### **Key Management**

Key Management personnel within the Group are also classed as related parties. Key Management are considered to be the PCC, all chief officers, the Chief Executive and other persons having the authority and responsibility for planning, directing and controlling the activities of the Group, including the oversight of these activities.

Senior officers are members of the National Police Chief's Council (NPCC, formerly ACPO) and engage with the NPCC on force business. The NPCC commenced on 1 April 2014, subscription paid by the PCC and the Group during 2015/16 amounted to £0.049m.

Remuneration of Senior Management is disclosed in the Remuneration Report.

Transactions with Pension Schemes are set out in Note 13 (Note 35 of the Group Accounts).

**13** **DEFINED BENEFIT PENSION SCHEMES**

As part of the terms and conditions of employment of its officers and other employees, the CC and Group make contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the CC and Group has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Group participates in four pension schemes administered by: the West Yorkshire Pension Fund for Staff Pensions, and Mouchel for Police Officer Pensions.

The Local Government Pension Scheme for Staff under the direction and control of the CC:

- This is a funded scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets.

There are three Pension Schemes for Police Officers, which are unfunded schemes:-

- The 1987 Police Pension Scheme for Police Officers (PPS). This scheme was closed to new recruits from April 2006 when a new scheme was introduced with different contribution rates.
- The 2006 New Police Pension Scheme for Police Officers (NPPS). The 2006 scheme was closed to new recruits from April 2015 when a new scheme was introduced.
- The 2015 Police Pension Scheme for Police Officers.

All are unfunded schemes meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Following funding changes introduced on 1 April 2006 the Group now pays an employer's pension contribution into the Pension Fund Account in respect of all schemes. The schemes provide defined benefits to members (retirement lump sums and pensions) related to pay and service.

**Transactions Relating to Post-employment Benefits**

A detailed explanation of the accounting arrangements for all schemes is set out in the notes to the Pension Fund Account.

The cost of retirement benefits is recognised in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the CC and Group is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the Police Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Police Fund Balance via the Movement in Reserves Statement during the year:

	LOCAL GOVERNMENT PENSION SCHEME £000		POLICE PENSION SCHEME £000	
	2015/16	2014/15	2015/16	2014/15
	<b>COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT</b>			
<b>Cost of Services</b>				
<i>Service cost comprising:</i>				
Current service costs	21,661	17,120	73,846	74,936
Past service costs	212	457	16,266	0
(Gain)/loss from settlements	0	0	0	0
<i>Finance and Investment Income and Expenditure:</i>				
Net interest expense	5,157	4,260	135,549	182,083
<b>Total Pension Costs Recognised in the Provision of Services</b>	<b>27,030</b>	<b>21,837</b>	<b>225,661</b>	<b>257,019</b>
<b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>				
<i>Remeasurement of the net defined benefit liability comprising:</i>				
Return on plan assets Actuarial gain/(loss)	0	0	0	0
Experience (gain)/loss on assets	11,935	(28,513)	(98,159)	(60,936)
Experience (gain)/loss on liabilities	(4,481)	(2,386)	0	(611,925)
Actuarial (gain)/loss arising on changes in demographic assumptions	0	0	0	0
Actuarial (gain)/loss arising on changes in financial assumptions	(42,633)	78,507	(227,715)	672,364
<b>Total Pension Costs Recognised in Other Comprehensive Income and Expenditure</b>	<b>(35,179)</b>	<b>47,608</b>	<b>(325,874)</b>	<b>(497)</b>
<b>Total Pension Costs Recognised in the Comprehensive Income and Expenditure Statement</b>	<b>(8,149)</b>	<b>69,445</b>	<b>(100,213)</b>	<b>256,522</b>
<b>MOVEMENT IN RESERVES STATEMENT</b>				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(27,030)	(21,837)	(225,661)	(257,019)
<b>Actual amount charged against the Police Fund Balance for pensions in the year:</b>				
Employers contributions payable to scheme	10,797	10,620	42,753	44,261
Retirement benefits payable to pensioners	192	193	4,681	4,607

### Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

The amount included in the Balance Sheet arising from the Group's obligation in respect of its defined benefits plan is as follows:

	LOCAL GOVERNMENT PENSION SCHEME £000		POLICE PENSION SCHEME £000	
	2015/16	2014/15	2015/16	2014/15
	Fair value of plan assets	491,162	481,124	0
Present value of the defined benefit obligation	(633,666)	(642,766)	(4,160,800)	(4,308,447)
<b>Pension asset/(liability) recognised on the Balance Sheet</b>	<b>(142,504)</b>	<b>(161,642)</b>	<b>(4,160,800)</b>	<b>(4,308,447)</b>

### Reconciliation of the Movements in the Fair Value of Scheme Assets

	LOCAL GOVERNMENT PENSION SCHEME £000		PENSION SCHEME £000	
	2015/16	2014/15	2015/16	2014/15
	<b>Opening fair value of scheme assets</b>	<b>481,124</b>	<b>428,324</b>	<b>0</b>
Interest income	15,866	18,690	0	0
<i>Remeasurements gain / (loss)</i>				
The return on plan assets, excluding the amount included in the net interest expense	(11,935)	28,513	98,159	60,936
Contributions from employer	10,797	10,620	47,434	48,868
Contributions from employees into the scheme	6,473	6,154	22,730	23,670
Benefits paid	(11,163)	(11,178)	(168,323)	(133,474)
<b>Closing fair value of scheme assets</b>	<b>491,162</b>	<b>481,124</b>	<b>0</b>	<b>0</b>

**Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)**

	LOCAL GOVERNMENT PENSION SCHEME £000		PENSION SCHEME £000	
	2015/16	2014/15	2015/16	2014/15
<b>Opening present value of scheme liabilities</b>	<b>(642,766)</b>	<b>(531,334)</b>	<b>(4,308,447)</b>	<b>(4,100,793)</b>
Current service cost	(21,661)	(17,120)	(73,846)	(74,936)
Interest cost	(21,024)	(22,950)	(135,549)	(182,083)
Contribution from scheme participants	(6,473)	(6,154)	(22,730)	(23,670)
<i>Remeasurement (gain) and loss:</i>				
Actuarial gain/(loss) arising from changes in demographic assumptions	0	0	0	0
Actuarial gain/(loss) arising from changes in financial assumptions	42,633	(78,507)	227,715	(672,364)
Actuarial gain/(loss) on liabilities - experience	4,481	2,386	0	611,925
Past service costs	(212)	(457)	(16,266)	0
Benefits paid	11,356	11,371	168,323	133,474
<b>Closing present value of scheme liabilities</b>	<b>(633,666)</b>	<b>(642,766)</b>	<b>(4,160,800)</b>	<b>(4,308,447)</b>

**Local Government Pension Scheme assets comprised:**

	2015/16		2014/15	
	£000	%	£000	%
Equities	372,566	76.4%	358,858	75.6%
Property	20,481	4.2%	14,240	3.0%
Government Bonds	51,203	10.5%	48,417	10.2%
Corporate Bonds	22,432	4.6%	26,107	5.5%
Cash	10,241	2.1%	12,816	2.7%
Other	10,728	2.2%	14,240	3.0%
<b>Total Assets</b>	<b>487,652</b>	<b>100.0%</b>	<b>474,680</b>	<b>100.0%</b>

**Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels, etc.

The Local Government Pension Scheme was assessed by AON Hewitt, and the Police Pension scheme by Mercers, both independent firms of actuaries. The most recent full actuarial valuations in respect of both schemes were carried out as at 31 March 2015.

The principal assumptions used by the actuaries have been:

	LOCAL GOVERNMENT PENSION SCHEME		POLICE PENSION SCHEME	
	2015/16	2014/15	2015/16	2014/15
<i>Mortality assumptions:</i>				
<i>Longevity at 65 (staff) 60 (officers) for current pensioners:</i>				
Men	22.7	22.6	28.2	28.1
Women	25.6	25.5	30.8	30.6
<i>Longevity at 65 (staff) 60 (officers) for future pensioners:</i>				
Men	24.9	24.8	30.7	30.6
Women	28.0	27.8	33.2	33.1
Rate of Inflation CPI	1.8%	1.9%	2.0%	2.0%
Rate of increase in salaries	3.3%	3.4%	3.5%	3.5%
Rate of increase in pensions	1.8%	1.9%	2.0%	2.0%
Rate for discount rate	3.5%	3.3%	3.5%	3.2%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above.

The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in previous periods.

**Impact on the Defined Benefit Obligation in the Scheme**

	LOCAL GOVERNMENT PENSION SCHEME £000		POLICE PENSION SCHEME £000	
	2015/16		2015/16	
	Increase in Assumption	Decrease in Assumption	Increase in Assumption	Decrease in Assumption
<i>Value of Liabilities:</i>				
With above assumptions	(633,666)	(633,666)	(4,160,800)	(4,160,800)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	+0.1%	-0.1%	+0.1%	-0.1%
Rate for increase in salaries (increase or decrease by 0.1%)	(617,225)	(645,878)	(4,087,637)	(4,233,963)
Rate for increase in pensions (increase or decrease by 0.1%)	(635,767)	(627,063)	(3,858,314)	(4,463,286)
Rate for increase in inflation (increase or decrease by 0.1%)	(641,448)	(621,501)		
			(3,908,764)	(4,412,836)
	+1 year	-1 year	+1 year	-1 year
Adjustment to mortality age (increase or decrease in 1 year)	(647,392)	(615,341)	(3,917,924)	(4,403,676)

**Impact on the Group's Cash flows**

The objectives of the schemes are to keep employers contributions at as constant a rate as possible.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to services after 31 March 2016 (or services after 31 March 2017 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The CC's expected contribution to the schemes in 2016/17 is:  
 Police Pension Scheme £158.120m  
 Local Government Pension Scheme £20.200m

14 **CONTINGENT LIABILITIES**

**Termination Benefits**

A major programme of organisational change has been put in place to meet the challenge of reduced resources resulting from the Government's Spending Review. This focuses on protecting as far as possible frontline services, whilst making significant savings in back and middle office and support functions. There will as a result be a reduction in both police officer and police staff numbers, to be managed predominantly through natural wastage and police staff voluntary redundancies. The Group has included an estimate of the costs of severance in its medium term financial forecast, to enable it to meet the liabilities as they fall due. At this time it is not possible to predict a value or timing of any obligation falling due.

**Municipal Mutual Insurance (MMI)**

The Group has taken professional advice on the amount to provide for the clawback from MMI, but there is potential for the eventual liability to exceed the amount provided for in the accounts. Note 19 of the Group Accounts provides further information.

**Police Pension Regulations**

The Chief Constable of West Yorkshire, along with other Chief Constables and the Home Office, currently has claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. The Tribunal is unlikely to consider the substance of the claims until 2017. Legal advice suggests that there is a strong defence against these claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful and therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in the 2015/16 Accounting Statements.



**WEST YORKSHIRE POLICE**

**PENSION FUND**

**STATEMENT**

**OF**

**ACCOUNTS 2015/16**

## WEST YORKSHIRE POLICE

### PENSION FUND ACCOUNT STATEMENTS

2014/15 £'000		2015/16 £'000
	<b>CONTRIBUTIONS RECEIVABLE</b>	
(41,608)	Employer's Contributions	(40,224)
(2,785)	Early Retirements (Ill Health)	(2,529)
(23,671)	Officers' Contributions	(22,730)
	<b>TRANSFERS IN</b>	
(905)	Individual Transfers In from Other Schemes	(787)
<b>(68,969)</b>	<b>TOTAL INCOME RECEIVABLE</b>	<b>(66,270)</b>
	<b>BENEFITS PAYABLE</b>	
105,493	Pensions	110,129
21,276	Commutations and Lump Sum Retirement Benefits	36,822
263	Lump Sum Death Benefits	285
	<b>PAYMENTS TO AND ON ACCOUNT OF LEAVERS</b>	
9	Refunds of Contributions	18
2,886	Individual Transfers Out to Other Schemes	1,093
<b>123,350</b>	<b>TOTAL EXPENDITURE PAYABLE</b>	<b>148,347</b>
60,958	NET AMOUNT PAYABLE FOR THE YEAR	82,077
(60,958)	ADDITIONAL CONTRIBUTION FROM EMPLOYER	(82,077)
0		0

## Notes to the Pension Fund Account

2014/15 £'000	NET ASSETS STATEMENT	2015/16 £'000
0	- Contributions Due From Employer	0
0	- Unpaid Pension Benefits	0
0	- Amount Owing From the Police Fund	0
0		0

### The Police Pension Scheme in England and Wales

The Pension Fund Accounts have been prepared in accordance with the IFRS Code and on an accruals basis. This means the sums due to or from the Pension Fund are included as they fall due, whether or not the cash has been received or paid. The accounting convention adopted is historic cost.

Each individual Police Force is required, under the Police Pension Fund Regulations 2007, to operate a Pension Fund Account and the amounts that must be paid into and out of the Pension Fund Account are specified by the regulations.

The Fund is administered by the Group which pays an employer's contribution to the Fund. The pensions of all retired officers are paid directly from the Fund.

The pension scheme is unfunded and consequently the Fund has no investment assets. Benefits payable are funded by the contributions from the Group and employees and any difference between benefits payable and contributions receivable is met by top-up grant from the Home Office.

Employees' and employer's contributions to the Fund are based on percentages of pensionable pay set nationally by the Home Office, subject to triennial valuation by the Government Actuary's Department. The accounting policies applicable to the Fund are set out in the Statement of Accounting Policies.

The Net Asset Statement does not include liabilities to pay pensions and other benefits after the Group Balance Sheet date, see disclosure Note 11 of the Core Statements about the IAS19 liability.

**YORKSHIRE AND**  
**THE HUMBER**  
**LEAD FORCE**  
**COLLABORATION**

**REVENUE**  
**ACCOUNT**

**2015/16**

## NARRATIVE TO THE REVENUE ACCOUNT

The Group engages in collaborative working in partnership with the Yorkshire and Humber Commissioners / Forces to deliver a number of specific services on a regional basis.

The governance of this regional programme of activity is via the Regional Collaboration Board.

Regional collaboration is funded from contributions made by the four regional Police Group's with the level of contribution being dependent upon the assessment of the benefit to be derived from each specific project or initiative.

Where benefit is considered to be equal, contributions are equal with a 25% contribution from each Region. Where benefit is proportionate to size contributions are made in line with each Region's Net Revenue Expenditure (NRE). When all four regional Commissioners and Forces are contributing the NRE percentages are as follows:

West Yorkshire	41.65%
South Yorkshire	25.76%
North Yorkshire	14.57%
Humberside	18.02%

If less than four Commissioners / Forces are contributing the NRE percentages are adjusted on a pro-rata basis.

In accordance with proper accounting practice, the Group has accounted for the regional collaboration arrangement by accounting for all the income and expenditure for the activity and recognises income in the form of contributions from partners will largely only apply where the partners have secured neither joint control of the overall activity nor rights to particular assets or obligations for particular liabilities – ie the other parties are only interested in the lead authority delivering the outcomes it has agreed to provide.

**YORKSHIRE AND HUMBER REGIONAL COLLABORATION**  
**REVENUE ACCOUNT FOR THE PERIOD**  
**1 APRIL 2015 TO 31 MARCH 2016**

2014/15 £000		2015/16 £000
	<b>EXPENDITURE</b>	
21,626	Staff Costs	20,847
966	Property Related Expenses	976
9,722	Supplies and Services	11,116
729	Transport Related Expenses	706
33,043		33,645
	<b>INCOME</b>	
4,344	Other Income	3,678
29,212	Contributions	29,967
33,556		33,645
513	<b>(DEFICIT)/SURPLUS IN YEAR</b>	0

**NPAS**

**REVENUE**  
**ACCOUNT**

**2015/16**

## NARRATIVE TO THE REVENUE ACCOUNT

The primary objective of the NPAS project is to deliver a national service that provides the police service with capability from the air that maximises the benefits of air support to the delivery of frontline services, is achieved at lower cost than the previous local service (which is managed at a local level), is an integrated part of the wider policing strategy and harnesses innovation in the aviation sector for the benefits of policing.

The NPAS service is being rolled out across the country on a phased basis which commenced in October 2012.

The service is governed by a section 22a collaborative agreement and is under the control of a Strategic Board made up of Police and Commissioners and Chief Constables from each national region. The board determines the budget and the charging policy, and monitors performance.

The NPAS service is funded from contributions made by each Policing Body receiving a service.

Accounts are provided to the NPAS Strategic Board, the expenditure and income charged to the accounts is in accordance with the Financial Regulations and Standing Orders of the Police and Crime Commissioner for West Yorkshire.



**NPAS**

**REVENUE ACCOUNT FOR THE PERIOD**

**1 APRIL 2015 TO 31 MARCH 2016**

2014/15 £000		2015/16 £000
	<b>EXPENDITURE</b>	
17,302	Staff Costs	20,306
1,255	Property Related Expenses	2,060
2,477	Supplies and Services	2,405
14,960	Transport Related Expenses	14,554
35,994		39,325
	<b>INCOME</b>	
32,082	Contributions	38,673
5,122	Other Income	652
37,204		39,325
1,210	<b>(DEFICIT)/SURPLUS IN YEAR</b>	0

## **ANNUAL GOVERNANCE STATEMENT FOR THE CHIEF CONSTABLE FOR WEST YORKSHIRE POLICE**

This annual governance statement reflects the governance framework in place for the Chief Constable (CC) of West Yorkshire under the Police Reform and Social Responsibility Act 2011.

### **Scope of Responsibility**

The CC of West Yorkshire is responsible for maintaining the Queen's peace and has direction and control over the officers and staff operating within West Yorkshire Police. The CC holds office under the Crown and is appointed by the Police and Crime Commissioner for West Yorkshire (PCC), subject to confirmation by the Police and Crime Panel for West Yorkshire.

The CC has a professionally qualified Chief Financial Officer (CFO). Under the Police Reform and Social Responsibility Act 2011 the West Yorkshire Police CFO has a personal fiduciary duty by virtue of their appointment as the person responsible for the proper financial administration of West Yorkshire Police. This includes requirements and formal powers to safeguard lawfulness and propriety in expenditure (Section 114 of the Local Government Act 1988 as amended by paragraph 188 of Schedule 16 to the Police Reform and Social Responsibility Act 2011 ("2011 Act")). The CC's CFO is a key member of the CC's Chief Officer Team. The CFO is actively involved in, and able to bring influence to bear on, all strategic business decisions of the CC to ensure immediate and longer term implications, opportunities and risks are fully considered. The CFO attends a monthly Joint Executive Group with the PCC and CC at which key strategic and joint decisions are taken and, on occasion, attends other weekly community outcome or bi-lateral meetings held between the CC and the PCC where the PCC holds the CC to account. The CFO leads the promotion and delivery by the CC of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. The CFO ensures the finance function is resourced to be fit for purposes and oversees that appropriate management accounting systems, functions and internal controls are in place so that finances are kept under review on a regular basis.

Under S.35 of the 2011 Act in exercising their functions the CC must ensure that good value for money is obtained and this includes ensuring that persons under their direction and control obtain good value for money in exercising their functions. West Yorkshire Police (as a standalone entity) is legally required to produce an Annual Governance Statement. The Statement helps the PCC to hold the CC to account for efficient and effective policing. The Statement sits alongside the statutory accounts for the CC and gives assurance to the PCC of West Yorkshire Police's governance arrangements. In addition, the PCC produces its own Governance Statement.

### **The Governance Framework**

Although the CC is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Force, the PCC is required to hold the CC to account for the exercise of those functions and those of the persons under their direction and control. It therefore follows that the PCC must satisfy himself that the Force has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.

This statement has been prepared to state West Yorkshire Police current governance arrangements, to report their effectiveness during the year and to outline future actions planned to further enhance arrangements. Part of the governance arrangements include the Force Accountability Meeting. This is attended by the Senior Managers in the organisation,

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representatives of the PCC from the Office of the PCC (OPCC) where the CC holds senior managers to account for performance and delivery against the Police and Crime Plan.

## **Corporate Governance Reporting and Processes**

The West Yorkshire Police Chief Officer Team, led by the CC, is responsible for ensuring West Yorkshire Police has a corporate governance framework that reflects the principles of openness, integrity, accountability and equality, and supports the delivery of quality policing.

The governance framework enables West Yorkshire Police to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money. An annual review of this framework takes place and appropriate improvements are made to ensure that it remains fit for purpose.

The Chief Officer Team attend a daily operational briefing to discuss performance with all District Commanders.

The Force carries out a monthly programme of Local Accountability Meetings where Chief Officers hold each District or Department to account for the delivery of their plan. West Yorkshire Police management devise a system of internal controls to help ensure that objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the assets and interests of the PCC are safeguarded.

## **Organisational Structures and Processes**

Decision making structures are well established and regularly reviewed to ensure they are fit for purpose. The West Yorkshire Police and Crime Plan sets out policing priorities, the resourcing of those priorities, and performance targets. It reflects the areas of greatest importance locally, identified through extensive consultation with the public, or where performance improvement is required. Our plan and our planning process are complementary to other partnership plans such as Community Safety Partnerships, Local Criminal Justice Board and Local Strategic Partnerships.

We will work closely with our partners in order to ensure consistency and alignment where possible. The CC holds monthly Senior Leadership Forums which are attended by the Force Chief Officer Team, District Commanders and Heads of Departments. These forums are used to consult on and develop policy and ensure the engagement of the senior managers of the organisation in change and develop their leadership skills. Police and Crime Plan objectives are cascaded throughout the organisation via Divisional and Departmental Plans and included as appropriate in Team Accountability Meetings (TAMs) and individual Accountability meetings (IAMs) and annual Performance Development Reviews (PDRs).

The PCC approves an annual budget for Force activity which is aligned to the Police and Crime Plan.

## **The risk management process by which the West Yorkshire Police identifies and seeks to prevent and mitigate key risks**

An infrastructure has been established to support the effective management of risk and ensure that information on risks is gathered and acted on in a consistent and efficient manner. Joint Independent Audit Committee members consider risk management reports helping to improve the adequacy and effectiveness of risk assessment, risk management and internal control.

The Risk Management Group annually review the Risk Management policy statement and policy guidance.

The Force recognises exposure to a wide and diverse range of risks and opportunities in securing the delivery of priorities and objectives. All employees, volunteers, contractors and partners are responsible for identifying and managing risks as part of their role and the Deputy Chief Constable (DCC), as corporate sponsor, ensures that risk management is supported and championed at Chief Officer Team level.

The risk management policy provides clear guidance by which the Force manages uncertainty in a structured and effective way. The risk management framework and infrastructure provide a solid foundation for risk management and standard for consistency ensuring that information on risks is gathered and acted upon in an efficient manner.

Risk management is fully embedded into the business planning process including operational performance reviews in order to identify the threat, harm and risk facing the Force in order to prioritise and identify areas which need resourcing.

The Risk Management Group, chaired by the DCC, meets quarterly to monitor changes to the Force risk profile and process. The PCC has a risk champion who attends the meeting to maintain a strategic overview of risk management issues in the Force and report as appropriate to the Joint Independent Audit Committee. Risk management awareness is included in the Force Induction Programmes and ongoing training and guidance is provided appropriate to the level of skill and expertise required through a variety of media.

### ***Business Continuity***

West Yorkshire Police has robust plans in place to ensure business continuity following incidents. The Business Continuity Co-ordinating Group, comprising of relevant Departmental Heads, will assist the Force Business Continuity Co-ordinator in developing the business continuity management process and respond to any business continuity crisis, as required.

### ***Insurance***

The PCC continues to maintain, develop and renew his insurance programme in order to minimise financial risks including an annual review of the personal insurance indemnity policy and standard operating procedure.

### ***Health and Safety***

West Yorkshire Police takes very seriously its responsibility for the health and safety of all who attend the premises where the business of West Yorkshire Police is conducted or are affected by our undertaking. The overall responsibility for health and safety matters rests with the CC, who ensures that effective procedures and processes are in place.

### **Reviewing and updating standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks**

Financial instructions are reviewed and updated regularly to ensure they remain fit for purpose. Procedure notes and manuals are in place for all key systems and are also reviewed regularly. The West Yorkshire Police Scheme of Delegation has been reviewed and sets out financial authorisation levels for police officers and staff throughout the organisation. A Medium Term Financial Strategy is in place and is fully linked to the organisation's strategic objectives. At an operational level, rigorous and regular budget monitoring takes place and a well-established fraud assurance programme is in place. Robust management of income collection and debt recovery continues.

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## **Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

Processes for ensuring compliance with relevant law and regulations are well established and work effectively. All reports to Chief Officer Team and Project Boards together with all reports presented to the PCC must consider legal implications.

A Regional procurement strategy is in place with regular procurement reporting to Regional and Force governance structures.

## **Determining the conditions of employment and remuneration of officers and staff, within appropriate national frameworks**

Processes for determining the conditions of employment and remuneration of officers and staff within appropriate national frameworks are well established. Modernisation of police pay reports go to Force Chief Officer Team detailing financial impacts, risks and progress to date. Regular equal pay reviews are undertaken and there is a focus on maintaining market competitive pay and benefits. The Force operates an approved job evaluation scheme based upon role profiles for each post. Regular strategic and local consultation is undertaken with staff associations and trades unions.

## **Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training**

A Performance Development Review process exists has been introduced that identifies, manages and monitors work related and personal development objectives for all Police Officers and Police Staff. Skills training programmes are available through the Force Training and Development Centre, The College of Policing and external suppliers where appropriate.

## **Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

The PCC has conducted the 'Listening to You First' consultation to properly understand the needs and priorities of all people across West Yorkshire. This was a wide ranging consultation that included a survey sent to existing contacts, community groups and key stakeholders. It was also promoted via media and social media sources. Stakeholder roundtable events have been held in each of the districts and a conference on hate crime.

The Chief Officer Team conduct monthly local accountability meetings in Districts and Departments. These are intended to discuss local issues and local performance with local staff. Below these meetings are a series of Team Accountability Meetings and Individual Accountability Meetings all of which are focussed on local issues and performance.

## **Whistleblowing and receiving and investigating complaints from the public and handling citizen and other redress**

A confidential reporting policy is in place to enable officers and staff to report any concerns about malpractice or unlawful actions without fear of recrimination.

The PCC has made a commitment to putting things right and has a range of policies in order to deal with public complaints. Further resources are being devoted to case work and complaint handling with the creation of specific email addresses and briefing and decision templates to record the action taken by the PCC.

Complaint handling in WYP is monitored in regular meetings between the Head of Professional Standards Department and the Chief Executive of the OPCC or the Independent Police Complaints Commissioner. Specific case work or complaint matters are raised in

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community outcome meetings between the CC and the PCC. Internal Audit continue to dip-sample complaint files and the PCC is represented on the Independent Advisory Group for the Professional Standards Department.

Matters which are contentious, repercussive or novel are raised in quarterly meetings of the PCC's Good Governance Group which is chaired by the Chief Executive.

## **Role of the Chief Financial Officer in Local Government**

CIPFA have published a "Statement of the Role of the Chief Financial Officer in Local Government" which describes the role and responsibilities of the CFO and sets out five key principles that define the core activities and behaviours that underpin the role, and the organisational arrangements required to support them. There is an expectation that authorities will comply with the statement or explain their reasons for not doing so.

The five key principles are that the CFO:

- Is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest
- Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's overall financial strategy
- Must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively
- Must lead and direct a finance function that is resourced to be fit for purpose
- Must be professionally qualified and suitably experienced.

The Chief Finance Officer undertakes the role of CFO in accordance with the arrangements detailed in the Home Office Financial Management Code of Practice, and in compliance with the CIPFA statement.

## **Standards of Behaviour**

Codes of conduct are in place for police officers and police staff. Relevant officers in the Force are also subject to professional codes of conduct for their particular profession. At least once a year, the Force policy on professional standards is reviewed by the Professional Standards Department and assessed based on its effectiveness and discrepancies over that period. West Yorkshire Police expects all members of staff always to be honest, truthful and sincere. We will uphold, administer and enforce all laws without bias or prejudice in a just, consistent and reasonable manner.

## **Significant Governance Issues**

Significant governance issues are defined as

- An issue which has prevented or seriously prejudiced achievement of a principal objective
- An issue where additional funding has had to be sought in order to resolve it
- An issue which has resulted in a material impact on the accounts
- An issue which the Head of Audit and Risk has specifically highlighted in the annual audit opinion
- An issue which has attracted significant public interest and has damaged the reputation of the PCC and/or WYP
- An issue which has resulted in formal action being taken by the Chief Finance Officer and/or the Monitoring Officer.

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In June 2014 the PCC suspended the Chief Constable under the provisions of the Police Conduct Regulations 2012 in response to a criminal investigation being conducted by the Police Service of Northern Ireland. At the conclusion of that investigation and following a decision by the Public Prosecution Service for Northern Ireland, the PCC lifted the suspension on 18<sup>th</sup> of May 2015. The Chief Constable is currently working on temporary alternative duties with the National Police Chiefs' Council pending the outcome of an internal conduct investigation.

Temporary arrangements have been put in place to ensure the posts of the Chief Constable, Deputy Chief Constable and Assistant Chief Constables are all filled during this period,

The extent of organisational change required to achieve the significant forecast budget reductions required means that the PCC and WYP will continue to face an environment of increased uncertainty and risk.

This will be closely monitored by the PCC and the CC, who will continuously review the adequacy and effectiveness of the evolving governance arrangements and ensure that any improvements identified are implemented.

The extent of organisational change required to achieve the significant forecast budget reductions required, together with the need to prepare for and implement the transfer of police staff from the employment of the PCC to that of the CC, means that the PCC and WYP will continue to face an environment of increased uncertainty and risk.

This will be closely monitored by the PCC and the CC, who will continuously review the adequacy and effectiveness of the evolving governance arrangements and ensure that any improvements identified are implemented.

Signed

Dee Collins  
Temporary Chief Constable  
West Yorkshire Police

Nigel Brook  
Chief Constable's Chief Financial Officer  
West Yorkshire Police

## GLOSSARY OF TERMS

### **Accounting Policies**

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- Recognising
- Selecting measurement bases for and
- Presenting

Assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the revenue account or Balance Sheet it is to be presented.

### **Actuarial Gains and Losses**

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- (a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses), or
- (b) the actuarial assumptions have changed.

### **Budget**

A statement of the PCC's plans in financial terms. A budget is prepared and approved by the PCC prior to the start of each financial year.

### **Chief Constable (CC)**

The Chief Constable is a separate corporation sole, which was established on 22 November 2012 under the Police Reform and Social Responsibility Act 2011.

### **CIPFA**

The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public services.

### **Commuted Lump Sums**

These are the amounts paid to officers when they retire, if they choose to have a lower pension.

### **Contingent Liabilities**

A contingent liability is either:

- (a) a possible obligation arising from the past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the PCC's control, or
- (b) a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

### **Creditors**

Amounts owed by the PCC Group for work done, goods received or services rendered which have not been paid for by the end of the financial year.



### **Current Service Cost (Pensions)**

The increase in the present value of a defined benefits scheme's liabilities expected to arise from the employee service in the current period.

### **Debtors**

Sums of money due to the PCC Group for work done or services supplied but not received at the end of the financial year.

### **Deferred Liabilities**

Liabilities which by arrangement are payable beyond the next financial year at some point in the future or paid off by an annual sum over a period of time.

### **Defined Benefits Scheme**

A pension or other retirement benefit scheme, other than a defined contribution scheme, with rules that usually define the benefit independently of the contributions payable and where the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

### **Financial Year**

The 12 months commencing on 1 April covered by the accounts.

### **IAS19**

The objective of International Accounting Standard (IAS) 19, *Accounting for Retirement Benefits in Financial Statements of Employers* is to prescribe the accounting and disclosure for employee benefits (that is, all forms of consideration given by an entity in exchange for service rendered by employees). The principle underlying all of the detailed requirements of the Standard is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

### **IFRS**

International Financial Reporting Standards, as agreed by the UK accountancy profession and the Accounting Standards Board.

### **Going Concern**

The concept that the PCC Group will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

### **Group**

The term Group refers to the Police and Crime Commissioner for West Yorkshire (PCC) and the Chief Constable for West Yorkshire (CC).

### **Impairment**

A reduction in the value of a non current asset below the amount shown on the balance sheet.

### **Local Policing Body**

The collective term describing elected police and crime commissioners for each police area outside of London and the Mayor's Office for Policing and Crime for the metropolitan police district.

### **Comprehensive Income and Expenditure Statement**

A primary financial statement showing the cost of policing during the financial year.

### **Police and Crime Commissioner (PCC)**

The Police and Crime Commissioner is a separate corporation sole, which was established on 22 November 2012 under the Police Reform and Social Responsibility Act 2011.

**Precept**

The method by which the PCC Group obtains the income it requires from Council Tax via the appropriate authorities.

**Relevant Police Officer**

The Chief Constable (England and Wales) and any other senior police officer whose salary is £150,000 per year or more.

**Remuneration**

All amounts paid to or receivable by a person, and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash (e.g. benefits in kind).

**Senior Employee**

A senior employee is an employee whose salary is more than £150,000 per year, or one whose salary is at least £50,000 per year (to be calculated pro rata for a part-time employee) and who is:

- (a) the designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989
- (b) the head of staff for a relevant body which does not have a designated head of paid services, or
- (c) any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body, in particular activities involving the expenditure of money, whether solely or collectively with other persons.

**Senior Police Officer**

A senior police officer is defined as a member of a police force holding a rank above that of superintendent (i.e. chief superintendent and above).